



Iowa Department of Human Services

State Innovation Model Grant

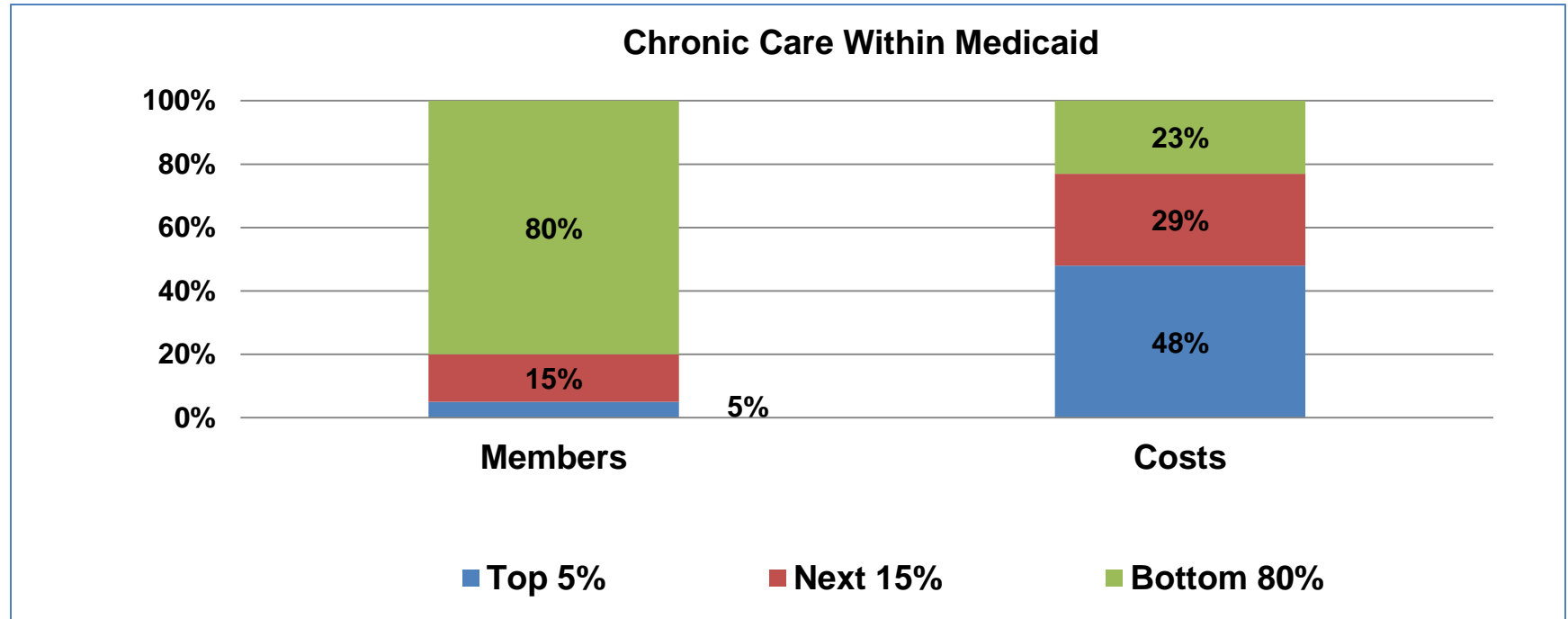
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The problem

Chronic disease drives costs





Top 5% High Cost/High Risk Members* Accounted for:

- 90% of hospital readmissions within 30 days
- 75% of total inpatient cost
- Have an average of 4.2 conditions, 5 physicians, and 5.6 prescribers
- 50% of prescription drug cost
- 42% of the members in the top 5% in 2010, were also in the top 5% in 2009

*Excludes Long Term Care, IowaCare, Dual Eligibles, and maternity



Why change?

- Health care delivery system is fragmented
- Reimbursement methods reward volume not value
- Cost of health care is unaffordable and unsustainable for citizens and taxpayers
- We need to increase quality/outcomes & lower cost



What is Medicaid's role in Delivery Reform?

- Medicaid relies on the same health care system as all others to deliver care to our covered members
- Medicaid uses very similar payment and contracting methods
- Whatever is driving the rest of the health care system is also driving Medicaid
- Medicaid is a significant payor - 2nd largest payor, covers 23% of Iowans



State Health Care Innovation Plan “Vision”

- Economically Sustainable
- Accountability
- Aligned Payment and Quality Strategies
- Patient-focused
- Workforce

Vision: Transform Iowa's health care economy so that it is affordable and accessible for families, employers, and the state, and achieves higher quality and better outcomes for patients.



State Health Care Innovation Plan “Goal & Strategies”

- Value-based reimbursement-ACO
- Expand on ACO methodology to integrate long-term care and community based services that are high cost for Medicaid
- Engage members in their own health

GOAL: Reduce the rate of growth in health care costs for the state as a whole to the Consumer Price Index within 3 years. The goals of the ACO organization are more aggressive, to reduce costs by 5-8% within 3 years.



State Health Care Innovation Plan “Plan & Funding”

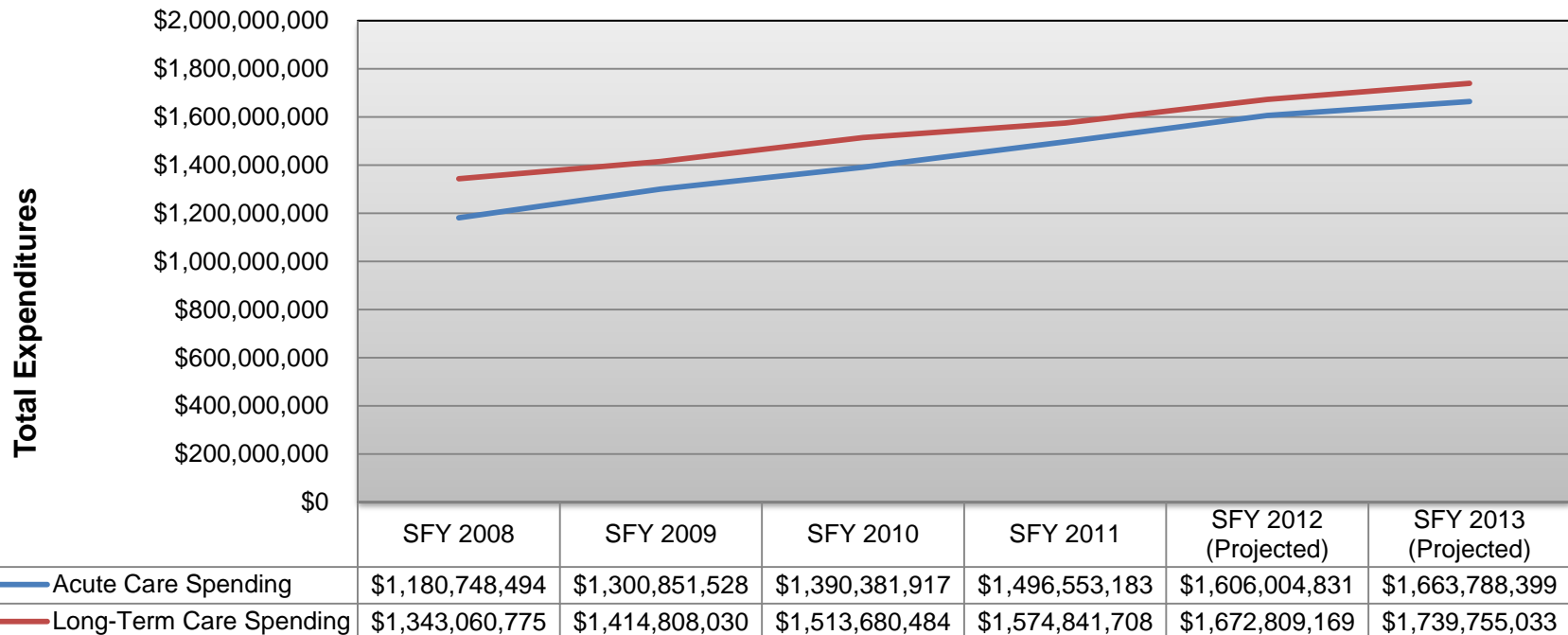
- Requested \$1.4 million
- Contractor support:
 - Data Analytics
 - Technical Assistance
 - Actuarial Services
 - Project Management

- Six month CMS grant to design, including request for second grant
- Submitted by DHS on behalf of Governor
- Stakeholder participation important
- CMS seeking multi-payor, broad-based delivery system reform



Long Term Care expenditures account for over half of Medicaid expenditures

**Iowa Medicaid Acute Care and Long-Term Care Spending
SFY 2008 - SFY 2013**





State Innovation Model Grant Letters of Support

- Governor's Office
- Wellmark Blue Cross/Blue Shield
- Iowa Hospital Association
- Iowa Medical Society
- Iowa Department on Aging
- Iowa Healthcare Collaborative
- University of Iowa Health Care
- Magellan Behavioral Health
- Iowa Health System
- Mercy ACO
- Genesis Health System



Questions?

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